C1750-1
6/30/81

The Fifth Estate

RADIO TELEVISION CABLE SATELLITE

Broadcasting Jun 12

Already sold in over 60 markets.

amen

COMING ON STRONG.

MCA TV

58th Year 1989

RADIO FORMATS

MD 20814
RETHESDA
4520 EAST-WEST HWY
CCNDEFESSVL INFO SRV **SAMPLE
SHI ACD
?J14?01 WT05CI ZWZ
***********5-CI IT 20814

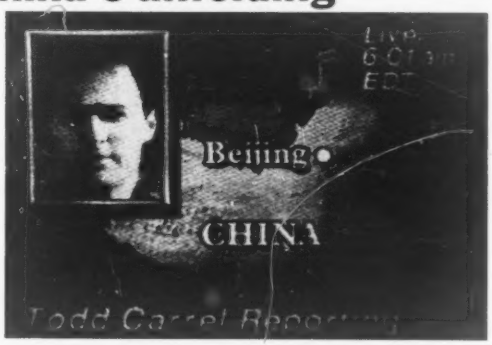
Broadcasting Jun 12

Vol. 116 No. 24

Unwelcome play for Time...

Proposed Time-Warner merger is complicated by Paramount's $10.7 billion all-cash offer for Time, leaving financial community guessing who will make up world's largest media and entertainment company. **PAGE 27.**

China's unfolding



ABC: Reporting live from China

drama... Fifth Estate journalists continue to find new ways around press restrictions in Beijing and Shanghai, where military officials warn that anyone seen with camera will be shot. **PAGE 29.**

Industry interface... Among highlights of third annual Broadcasting/Cable Interface: TV-Hollywood debate on fin-syn rules, **PAGE 61**; Representative Ed Markey urges President Bush not to veto fairness doctrine or children's TV bill, **PAGE 56**; CEO's agree on concepts of must carry and need for HDTV, but not on telco entry, **PAGE 62**; tabloid TV and anti-U.S. program quotas spark debate among programing executives, **PAGE 65**, and financial analysts take another look at cable TV and broadcast station values, **PAGE 66.**

28/ **$120-PER-SHARE**
McCaw Cellular Communications makes $6.5 billion all-cash offer for LIN Broadcasting.

30/ **CHILDREN'S BLOCK ON FOX**
Fox Broadcasting announces plans to launch children's program block in fall 1990.

31/ **VOTE OF CONFIDENCE**
CBS's management team gets strong endorsement from affiliates during meeting in Los Angeles.

Bartlett

34/ **FOLLOWING THE LEADER**
David Bartlett succeeds Ernie Shultz as president of Radio-Television News Directors Association, bringing with him varied radio and TV experience and desire for full First Amendment protection for broadcast journalists.

34/ **SKY SUIT**
Rupert Murdoch's UK Sky TV service settles its $1.5 billion lawsuit aginst Disney.

35/ **SOUND OF RADIO**
Whether Country, Easy Listening or Variety, radio programers continue to

search for program identity that will set their station apart. In this special report, BROADCASTING follows formats, examining experimental programing, morning drive and more.

48/ **MONTREUX BOUND**
World's leading TV engineers prepare for high-definition television discussion at biennial technology gathering in Montreux, Switzerland.

48/ **LOOK AHEAD**
Summer Consumer Electronics Show previews TV display technology of future, including machines capable of handling TV, PC and telephone tasks all in one.

55/ **TAPS AT 'DAY'S END'**
Following 13-week test in 26 markets, ABC cancels *Day's End*, network's late night show with co-hosts Ross Shafer and Spencer Christiansen.

87/ **STATION ADVISER**
Petry's Dick Kurlander calls shows as he sees them, advising stations on their on-air strategies.

DEPARTMENTS

Advertisers Index	86
Changing Hands	63
Closed Circuit	6
Datebook	22
Editorials	90
Fates & Fortunes	83
Fifth Estater	87
For the Record	70
In Brief	88
Masthead	24
The Media	56
Monday Memo	25
On Radio	52
Open Mike	24
Programing	55
Riding Gain	53
Special Report	35
Stock Index	69
Technology	48
Where Things Stand	14

Broadcasting (ISSN 0007-2028) is published 52 Mondays a year by Broadcasting Publications Inc., 1705 DeSales Street, N.W., Washington, D.C. 20036. Second-class postage paid at Washington, D.C., and additional offices. Single issue $2 except special issues $3.50 (50th Anniversary issue $10). Subscriptions: U.S. and possessions: one year $70, two years $135, three years $190. Canadian and other international subscribers add $20 per year. U.S. and possessions $235 yearly for special delivery, $100 for first-class. Subscriber's occupation required. Annually: *Broadcasting* □ *Cablecasting Yearbook* $115, *Across the Dial* $6.95. Microfilm of *Broadcasting* is available from University Microfilms, 300 North Zeeb Road, Ann Arbor, Mich. 48106 (35mm, full year $55). Postmaster: please send address corrections to *Broadcasting*, 1705 DeSales St., N.W., Washington, D.C. 20036.

4

Tex.) reintroduced bill he offered in last Congress (BROADCASTING, April 4, 1988) to condition compulsory license on whether cable operator is carrying local broadcast signals. Senate Copyright Subcommittee Chairman Dennis DeConcini (D-Ariz.) revived measure from last Congress that is virtually identical to Bryant's bill.

Crossownership

Telco-cable. FCC has tentative plans to hold en banc hearing on cable-telco issue. Agency initiated debate on whether telcos should be allowed to provide cable services in July 1988 when it tentatively voted 2-1 to recommend Congress lift telco-cable cross-ownership ban.

Senator Al Gore (D-Tenn.) has introduced bill lifting crossownership prohibition; companion measure was offered in House by Rick Boucher (D-Va.).

FCC may not be able to affirm decision. Commissioner James Quello issued statement Jan. 13, saying he was reconsidering vote favoring repeal. And Commissioner Patricia Diaz Dennis, who voted against tentative conclusion, continues to feel ban against telcos controlling programing should be retained, although she believes telcos should be allowed to offer video transmission services as common carriers.

FCC move follows National Telecommunications and Information Administration report on cable TV regulation recommending telephone companies be allowed to serve as transporters of others' programing, although not as programers themselves, in telcos' own service areas (BROADCASTING, June 20, 1988).

At present, barriers to such BOC cross-ownership include not only FCC regulations and 1984 Cable Act but also modified final judgment issued by U.S. Judge Harold Greene in his supervision of breakup of AT&T. NTIA has petitioned FCC to preempt Greene's regulation of BOC's, arguing that judge is hampering their entry into information services, including cable.

Duopoly, one-to-a-market. FCC voted Oct. 27, 1988, to relax duopoly rules to allow closer spacing of commonly owned AM and FM stations, arguing that impact on diversity would be negligible and that it let some broadcasters reap certain economies of scale.

Using same justification, FCC relaxed policy for waivers to one-to-a-market rules Dec. 12, 1988, saying it would look favorably on waiver requests involving top 25 markets with at least 30 broadcast "voices."

Broadcast-newspaper. Appropriations bill (H.R. 4782), which was signed into law, includes provision that prevents FCC from reexamining its broadcast-newspaper crossownership rules.

Direct Broadcast Satellites

Permittees and applicants to launch Direct Broadcast Satellites believe high-power Ku-band birds 10 times more powerful than average C-band birds will mean direct-to-home television reception via downlinks one-tenth size of average C-band dishes. Smaller, more affordable dishes would then theoretically lead to home satellite market several times current two million C-band consumer base. Variety of large and small companies have failed since early 1980's, however, to get high-power Ku-band DBS off ground.

Among applicants proposing to launch services as early as 1992 are Hughes Communications, operator of two C-band cable programing satellites; top cable operator Tele-Communications Inc., through subsidiary Tempo Enterprises, and group broadcaster Hubbard Broadcasting.

FCC staff says that once paired orbital assignment proposal is settled, perhaps by mid-1989, assignments in separate DBS orbital arc will be made. Due to spectrum shortage, they say, comparative process may have to be devised.

High-Definition TV

Before going to Geneva Extraordinary meeting of CCIR on world HDTV production, U.S. State Department changed its position following suggestion of Advanced Television Systems Committee. ATSC requested that effort to establish 1,125/60 (SMPTE 240M) system as world standard in 1990 be abandoned, and that decision should be delayed until end of next CCIR study period in 1990. Instead, it called on countries to study "common image" approach for possible interim world agreement in 1990. Although European countries made attempt in Geneva to vote on immediate world adoption of 1,250/50 system, U.S. position was eventually accepted in full.

Announcement is soon expected from Defense Advanced Research Projects Agency (DARPA) on which companies will receive shares of $30 million Defense Department has set aside for research and development of new methods of displaying and processing HDTV pictures. Pentagon hopes program will lead to mass production of low-cost, high-resolution screens for consumer and defense applications. DARPA has narrowed original 82 proposals to 49. Three or four are expected to win contracts.

"Blue ribbon" committee of FCC's advisory committee on advanced television service has approved second interim report on progress toward recommendation of HDTV transmission standard. It outlines some of problems, such as agreement on software to be used for subjective testing of HDTV transmission systems, that must be worked out before testing begins. Complete test plan is expected to be completed and approved in July. Group has pushed back its goal for beginning of testing from Oct. 1 to Jan. 2, 1990.

On Sept. 1, 1988, FCC tentatively decided

BY THE NUMBERS

Summary of broadcasting and cable

BROADCASTING

SERVICE	ON AIR	CP's [1]	TOTAL *
Commercial AM	4,950	262	5,212
Commercial FM	4,192	709	4,901
Educational FM	1,390	258	1,648
Total Radio	**10,532**	**1,229**	**11,761**
FM translators	1,722	360	2,082
Commercial VHF TV	547	25	572
Commercial UHF TV	523	218	741
Educational VHF TV	121	6	127
Educational UHF TV	218	27	245
Total TV	**1,409**	**276**	**1,685**
VHF LPTV	300	205	505
UHF LPTV	324	1,508	1,832
Total LPTV	**624**	**1,713**	**2,337**
VHF translators	2,722	121	2,843
UHF translators	2,133	443	2,576

CABLE†

Total subscribers	49,538,000
Homes passed	73,900,000
Total systems	8,000
Household penetration†	54.8%
Pay cable penetration	32%

* Includes off-air licenses. † Penetration percentages are of TV household universe of 90.4 million. [1] Construction permit. [2] Instructional TV fixed service. [3] Studio-transmitter link.

Open Mike

Nothing new

EDITOR: It just occurred to me why the National Association of Broadcasters/Radio Advertising Bureau moment of silence didn't impress me. Every night, beginning at 9 p.m., WKQW(AM) broadcasts nine *hours* of silence. The FCC has taken the first steps, but they haven't gone far enough. Maybe we can get the "fulltimers" to give "daytimers" some support by a national "night of silence."—*Stephen M. Olszowka, president/general manager, WKQW(AM) Oil City, Pa.*

Attitude adjustment

EDITOR: I would like to add my voice to Mark Heller and Barry Skidelsky ("Open Mike," May 22) who feel that the Radio Advertising Bureau/National Association of Broadcasters 30 seconds of radio silence in their campaign "Radio: What would life be without it?" was inappropriate and misguided.

I sensed a dark feeling about it when I read Robert E. Lee's letter in the May 1 "Open Mike," which seems to have been a reaction to the initial proposal discussed in the April 17 "Closed Circuit." In his own proposal of *24 hours* of radio silence there is an element of resentment of the American public—or is it a half-century of frustration—when he coldly says: "Perhaps the public would finally appreciate this great 'Gift of God' that they now take for granted."

Are you sure it is not the broadcasters who are taking their listeners for granted? It seems so with that attitude. Just look at Lee's all-too-short list of what the public would be missing if not for this God-given gift: "Imagine, no news or weather, no car radios, no soothing music in the dentist's chair, no defense mechanism, etc., etc." In this day of un-regulation there are all too many radio stations with absolutely no news department. So much for serving the *local* community. Those stations might be serving the dentists with soothing music, but the 18 minutes of commercials are too agitating, so the dentist uses a music service or a tape deck. And speaking of tape decks, I know a lot of people who have car radios only because they couldn't find a car tape deck without a tuner built into it.

And just what did he mean by "defense mechanism?" Did he mean EBS? With the lax attitude at a lot of stations, EBS will be useless. Remember how many stations followed the rules that Saturday morning 20 years ago when somebody at the national headquarters played the wrong tape and sent out the real message instead of the weekly test? Besides, haven't you people heard that in the event of a nuclear attack the electromagnetic spectrum that is used in broadcasting will be useless?

No, it is time for broadcasters to thank their loyal audiences, not ask them to thank you. This change in industry attitude is evident in the anecdote that Mr. Lee used to open his letter, but unfortunately he got the story all wrong. He refers to an era in the 1920's when the broadcasters in many cities—not only Mr. Lee's hometown of Chicago—voluntarily cooperated to stay off the air on a specific evening each week. They did not do it for the self-centered reasons that Mr. Lee suggests: "presumably to accommodate a six-day work week and perhaps to sweep out the studio." This makes no sense because why would it be necessary for *each* station in one city to sweep out their studios on, let's say, Tuesday?

No, back then the broadcasters had the listeners' interests at heart when they instituted "Silent Nights." Because such a high percentage of broadcast listeners in the early 1920's were interested in listening to distant "DX" stations, the local stations sacrificed a night to allow their listeners to hear the stations that would otherwise be blocked by the local signals. Remember, before 1928 most radios were operated by multiple storage batteries with long wire antennas. This was not yet a convenient appliance for the ordinary members of the general public. The broadcasters coveted their hobbyist audience until enough "regular" people joined them and greatly outnumbered them, then poof, there went Silent Nights.

The NAB/RAB was smart to have only 30 seconds of silence instead of the 24 hours Mr. Lee proposed. Thirty seconds might have been just short enough to keep people from pushing the cassette all the way into the slot and switching over to the tape deck. But give them 24 hours...they might find that life might just be fine without radio. Wanna take a chance?—*Michael Biehl, associate professor, radio-TV, Morehead State University, Morehead, Ky.*

Slow, but sure

EDITOR: I thought you might be interested to know that we're finally getting some results from the "Monday Memo" on in-market share of viewing I wrote in BROADCASTING almost exactly five years ago—in the May 14, 1984, edition.

The May Arbitron rating book will have a column for in-market share. Since I wrote the "Monday Memo," I was successful in being elected to the Arbitron Advisory Council and have been working to get the column inserted for the last four years. It's taken some time, but I feel it's worth it.

Thank you for the exposure that was given to this idea by the "Monday Memo." I'm sure it helped.—*David R. Dodds, vice president-general manager, WGAL-TV Lancaster, Pa.*

The Fifth Estate

Broadcasting

incorporating

TELEVISION

Sol Taishoff (1904-1982)

Lawrence B. Taishoff

Editorial

Donald V. West, Mark K. Miller, Harry Jessell

Leonard Zeidenberg, Kira Greene, Matt Stump, Kim McAvoy, John S. Eggerton

Susan Dillon, Adam Glenn

Randall M. Sukow, Peter D. Lambert, Joe Flint, Kristine L. Hoyt, Anthony T. Sanders, Todd F. Bowie, Ed Waltz

Broadcasting + Cablecasting Yearbook

David Seyler, Joseph A. Esser, Deborah Segal, Paul Miller, Francesca Tedesco, Tracy Gilliam-Turner

Book Division

David Dietz

Advertising

Kenneth W. Taishoff, Robert (Skip) Tash, Doris Kelly, Debra DeZarn, Joseph E. Dindrick, Randi B. Teitelbaum, David Berlyn, Yadira Crawford, Lewis Edge & Associates, John R. Russell, Schiff & Associates, Sandra Klausner

Circulation

Kwentin K. Keenan, Patricia Waldron, Keith Brody, Joseph Kolthoff

Production

Harry Stevens

Administration

David N. Whitcombe, Philippe E. Boucher, Tracy Henry, Albert Anderson, Nancy Miller, Shaun Genan, Marsha L. Bell

Corporate Relations

Patricia A. Vance

Bureaus

New York: 630 Third Avenue, 10017
Phone: 212-599-2830
Fax: 212-599-2837
Geoff Foisie, Stephen McClellan, George Mannes, Rod Granger, Lucia Cobo

Hollywood: 1680 North Vine Street, 90028
Phone: 213-463-3148
Fax: 213-463-3156
Steve Coe

Advertising Representatives

Pattis 3M: Chicago
New York
Los Angeles
Hawaii
Toronto
London

Japan

Broadcasting Publications Inc.
A Times Mirror Business Publication

Lawrence B. Taishoff, president
Kenneth W. Taishoff, vice president
Donald V. West, vice president
David N. Whitcombe, vice president

Founded 1931. *Broadcasting Telecasting* introduced in 1946. *Television* acquired in 1961. *Cablecasting* introduced in 1972. Reg. U.S. Patent Office.

Copyright 1989 by Broadcasting Publications, Inc.

RADIO TELEVISION CABLE SATELLITE

Broadcasting Jun 12

TOP OF THE WEEK

Paramount muddies waters with Time offer

Takeover offer of $10.7 billion and subsequent lawsuits have financial community guessing over eventual outcome

With its uninvited tender offer for Time Inc. last week, Paramount Communications Inc. added a new permutation to the evolution of what would be the world's largest media and entertainment company.

That that behemoth would emerge in some form appeared not to be in doubt, but what shape the new company would take, whether formed from Time and Warner Communications Inc., from Time and Paramount or from some other combination of these companies or others—remained the subject of speculation. As the week ended, all that Wall Streeters seemed sure of was that Time and Warner would now find it difficult to merge via the noncash stock-swap plan announced in early March.

Paramount's $10.7 billion all-cash offer for Time not only signals a threat to the planned creation of Time Warner Inc. but also marks the first implementation of the strategy announced in April by Martin Davis, chairman and chief executive officer of Paramount, then known as Gulf + Western. At the same time he announced that the company he headed since 1983 would change its name, Davis said that Gulf + Western would sell the finance subsidiary that accounted for nearly half its 1988 operating income and henceforth concentrate its resources on building its entertainment and publishing information business.

A merged Paramount and Time would have had combined pro forma revenue of $7.56 billion for 1989. Like the larger Time Warner, a Time-Paramount combination would link one of the top three Hollywood studios with the nation's largest magazine publisher, the dominant pay-cable service in the U.S., Home Box Office, and the nation's second-largest MSO, American Television & Communications. But a combined Time and Paramount, one that would include Paramount's Simon & Schuster, the nation's largest book publisher, would draw a greater portion of its revenue from publishing and a lesser amount from the music business than would Time Warner.

And while Warner's merger with Time would add 1.5 million subscribers to an MSO that is already the second largest in the nation, Paramount's strategy for Time's 82%-held ATC would increase Time's cable holdings through another method. Paramount will attempt to buy up all ATC shares not held by Time, according to Paramount's tender offer.

Above: Paramount Communications Chairman-CEO Davis. Below: his Time Inc. target.

Litigation related to Paramount's $175 per-share offer began Wednesday. Paramount sued Time and Warner in Delaware Chancery Court to get a variety of declarations and injunctions improving the chances of success for its tender offer. Foremost among Paramount's priorities was preventing the pre-merger swap of 9.4% of Warner common stock for 11.1% of Time's outstanding stock—a trade that Paramount called an "illegal lock-up...meant to entrench management and chill any other offer for [Time]."

Paramount also sued to obtain rulings that would prevent a three-year delay of its acquisition of Time. And it sued to block usage of a supermajority provision of Delaware law that Paramount claimed would enable Warner, after a stock swap, to block a Time-Paramount merger even if 80% of Time shareholders tendered their shares.

On Wednesday, Warner sued Citibank seeking $1 billion in damages for its role in financing the merger. Paramount said it had a letter from Citibank committing $1 billion in senior bank financing and saying Citicorp was "highly confident" it could raise the rest of the $14 billion Paramount said it needed to fund the purchase, refinance certain debt and and provide working capital.

On Friday, the judge presiding over Paramount's suit said he hoped to issue a decision later that day regarding Paramount's motions.

Exactly what will happen among Paramount, Time and Warner is unclear. Jessica Reif, a media analyst at CL GlobalPartners, said she mapped out seven reasonable outcomes of this week's events. Some of the possibilities listed by observers included a Time cash purchase of Warner, a Warner purchase of Time, a Time bid for Paramount and a leveraged buyout of Time either alone or in conjunction with Warner. The possibility that another company may make a surprise offer for any of the three companies involved has not been ruled out either.

What financial onlookers could agree on was that Time will have a difficult time turning its back on an apparently negotiable $175 per-share cash offer for Time, near the lower end of the range at which analysts place Time's private market per-share value. (The upper end is around $225.) In contrast, a post-merger Time Warner stock would trade nearer to Reif's range of $105 to $140 per share, analysts expect. Referring to the possibility of the original deal going through, Reif said, "If I was a Time shareholder, I would be screaming like crazy." On Thursday, Andrew Wallach of Drexel Burnham Lambert said "As of to-

day, it seems probable that some sort of cash offer to Time shareholders would be successful in the end—though I'm not sure who [it would] come from or what price."

Launched into orbit by Paramount's Tuesday-night announcement, Time's stock rose $4 Wednesday to close at $170. Amid speculation that Time would be an acquirer rather than an acquiree, the stock fell to $168 on Thursday, and Paramount, which rose 75 cents Wednesday and $3.625 Thursday, closed Thursday at $58.375. Warner stock rose $1.75 Wednesday and $3 Thursday to close at $56.50. "T" stock climbed $6 over two days to close at $53.75.

How does a Time Paramount compare to a Time Warner? In certain ways, they are similar. In both cases, said Wallach, a deal "will marry one of the dominant studios with HBO, which is by far the dominant cable service." Additionally, each studio's distribution would be enhanced by the addition of ATC's cable holdings, he said. Either studio allying with HBO could create programing especially for the service, he said. Currently, Paramount Pictures has a contract with HBO, valued at $500 million, to supply 85 films to the company starting with its May 1988 releases.

Unlike Warner, Paramount has no cable operations to add to ATC's 4 million subscribers (including its share of Paragon Communications). On the other hand, Paramount would bring cable services to the merger with its ownership of the Madison Square Garden Network and a half-interest in the USA Network, held with MCA. However, analyst Dennis McAlpine of Oppenheimer & Co. said that Paramount's cable services and its lack of cable systems would have a minimal difference on the operating success of Time Paramount compared to that of Time Warner. Yet one cable industry participant said that the addition of Warner's subscribers to ATC could give Time Warner enough subscribers to launch a channel and be a "dominant influence" in determining the pricing of another company's cable service.

Paramount, which has acquired options to buy 79% of the stock of independent group owner TVX Broadcast Group, could face cable system-TV station crossownership problems if it acquired Time. Paramount's expected initial acquisition of TVX stock would be a 49% interest in a holding company controlling 51% of TVX stock. This arrangement would normally define Paramount as having an attributable ownership of the stations, according to an FCC staffer. Because of ATC cable system holdings within the Grade B contours of TVX stations, Paramount would appear to have crossownership problems involving TVX's WTXF(TV) Philadelphia, KTXA(TV) Fort Worth and WLFL(TV) Raleigh, N.C., as well as with KRRT(TV) Kerrville, Tex. (San Antonio), the station TVX is planning to sell.

The TVX options themselves probably do not pose a problem because, the staffer said, incipient rights are generally treated as not attributable.

The alliance of Paramount's $1.2 billion publishing and information business and Time's book and magazine operations would in fact make a merged Time-Paramount a publishing powerhouse. In both companies are educational book operations, and Paramount's Simon & Schuster would probably benefit from ties to Time's Book of the Month Club.

A combined Time Warner in 1988 would have derived 34% of its revenues from film, television and cable programing; 30% from non-music publishing; 22% from music and music publishing, and 14% from cable systems and its broadcasting holdings in Chris-Craft (which Warner has agreed to divest). A combined Time and Paramount would have had roughly 51% of its revenues from publishing and information, 35% from film and video programing, 11% from cable operations and less than 4% from theater, sports and other entertainment operations.

Observers also said they believe the corporate culture of Time Warner would be different from that of a company formed if Paramount acquired Time. Time and Warner have plans for keeping their operations independent within the new company. King World Chief Financial Officer Jeff Epstein said: "In a hostile takeover, they're not going to have any obligation to keep their hands off. They're going to be much more involved.... It's not a question of who the companies are, but how they got there." Comparing Warner and Paramount outside of an acquisition process, McAlpine came to a similar conclusion: "Paramount is regarded as more hands-on. Warner is more laissez-faire—as long as you meet your budget, you're fine."

Under terms of the Hart-Scott-Rodino antitrust act, Paramount will have to wait at least until June 23 before acquiring Time to allow the Justice Department and the FTC to examine its offer for possible antitrust violations. "Ultimately, both mergers, if there were not asset sales, would create a very large, integrated U.S.-based media company," Wallach said. "It's very hard for a legislative or regulatory standpoint to differentiate them greatly." —GM

Where their money comes from

1988 revenue

	(millions)
Paramount	
Motion Pictures & TV	$1,571.2
Publishing/Information	1,193.7
Theater, Sports, Other	291.0
TOTAL	**$3,055.9**
Time	
Magazines	$1,752.0
Programing	1,052.0
Books	891.0
Cable	812.0
TOTAL	**$4,507.0**
Warner	
Filmed Entertainment	$2,095.7
Music Recording & Pub.	2,040.0
Cable & Broadcasting	456.4
Publishing & Distribution	138.7
TOTAL	**$4,730.8**

Note: Excludes numbers for Paramount's finance subsidiary, which it is selling. Warner numbers include Lorimar Telepictures, acquired in January 1989.

McCaw wants LIN for $6.5 billion

Company is primarily interested in cellular properties, but might hold onto TV stations to avoid tax bite

In the $120-per-share offer for LIN Broadcasting made last week, television played only a supporting role. The $6.5 billion, all-cash tender was made by McCaw Cellular Communications, whose only current business is cellular telephones and which is interested in LIN's major-market cellular franchises. Still, some observers suggested that at least for the near term any successful acquirer might keep LIN's seven-affiliate station group for financial rather than operational purposes.

A McCaw executive flew to Paris last week to deliver the bid to LIN's chairman and president, Donald Pels, who was at the French Open tennis tournament. LIN now has at least 10 business days to issue a formal response to the offer. McCaw has indicated its offer is good until July 6, and is contingent on, among other things, obtaining FCC approval for the transfer of cellular and TV licenses. McCaw said it might complete the offer while such licenses were placed in a blind trust.

If McCaw is successful, one report suggested that the Kirkland, Wash.-based operator would keep the TV stations. One reason it might make financial sense to do so is the hefty tax payments that would be incurred by spinning off the stations. According to Michael Plout, LIN vice president, corporate development, and treasurer, an estimate that the stations have a tax basis of $150 million is "reasonable." With estimates of their value running at roughly $1 billion, the $850 million gain at a 34% tax rate implies a tax bill of almost $300 million, for a real net gain of $550 million. With both station multiples and interest rates falling, one investment banker suggested McCaw might be better off reveraging the stations: "It could finance these out at nine-and-a-half times or a little higher with a corporate guarantee." Analysts such as Ken Leon of Bear, Stearns & Co. doubted that McCaw would have trouble obtaining financing, although some expressed surprise at the record-breaking cellular values implied by the bid.

Whether McCaw is successful or not, the

exclusive basis.

Services aside, several industry players recommended that stations improve their morning shows by encouraging greater involvement by program directors. Developing new morning talent requires a certain investment by program directors, said Cook, "and not enough program directors are making that investment." □

Following the formats

BROADCASTING database of radio formats finds greatest increase among religious outlets; country and adult contemporary still top two

A mid-year update of BROADCASTING's February survey of U.S. radio formats (BROADCASTING, Feb. 27), shows religious/gospel programing netting the biggest increase in stations. Adding 117 stations to the previously reported 1,054 stations, religious/gospel programing now boasts 1,171 stations, and ranks third overall in the U.S., after country and western, with 2,475 stations, and adult contemporary, with 2,350.

The increase in religious programing was almost evenly split between AM and FM stations (see chart below), with 60 AM's and 57 FM's adding the format.

BROADCASTING defines a radio format as 20-plus hours of programing per week, with fewer hours per week categorized as special programing. A station is allowed to report up to three separate formats. If a station reports more than three formats, it is classified as variety/diversified. All format information was culled from the BROADCASTING YEARBOOK's exclusive radio database.

Close on the heels of religious/gospel, oldies/classic rock posted a 10.5% increase in stations using that format over the previously reported 695. The 73 additional stations were gained mostly on the AM band with 47 of the stations showing up there, while 26 FM's were added.

Country and western attracted a total of 54 additional stations. On a percentage basis, the increase was 2.2%. As the chart below shows, BROADCASTING's tally has C&W losing three AM stations from its total, but adding 57 FM's.

Another example of a format's band shift from AM to FM is adult contemporary, which posted a net gain of 25 stations, but lost 21 AM's and gained 46 FM's. AC's net total still keeps it a very close second to C&W, coming in 125 stations behind the leader, at 2,350 outlets. (However, that 125-station spread has widened slightly from the last report, when the difference was only 96 stations. And at that time, according to the 1988 YEARBOOK chart, the spread was 106 stations.) C&W's net gain of 54 came with a loss of three AM's and a gain of 57 FM's.

Talk radio pulled in an increase of 25 stations, posting 17 new AM's and eight new FM's, giving that format a 6.4% increase. The news format, which often serves as the second format for stations programing talk, also reported a gain in stations. In this case, the increase was evenly split at 11 stations per band.

On the downside, middle-of-the-road programing lost a total of 74 stations, 47 AM's and 27 FM's. This brings the format's total to 655, a loss of 10.2%. Variety/diversified, the next biggest loser, gave up 20 stations, 10 per band, or 3.3%. Agricultural programing dropped 13 stations from its roster, putting its total at 144. Here the loss was primarily in AM stations, 10, while only three FM stations gave up the format.

The First 50 Years of Broadcasting

The Running Story of the Fifth Estate

This year-by-year informal history of the times, the people, and the events that shaped the broadcasting industry was compiled from reports in BROADCASTING magazine. The work of several hundred writers, editors, and photographers, past and present, is condensed into some 300 pages of text and pictures.

First 50 traces the development of the fifth estate for a half-century beginning in 1931, the year of the magazine's first issue. Broadcasters will read the book as contemporary history, refer to it to answer questions about important figures and events, and enjoy the memories it evokes.

Indexed for easy reference, this handsome hardcover volume is a unique compendium of information about a fascinating part of American society. *First 50* is packed with facts and photos, and is written in a concise, easy-to-read style suitable for pleasure reading or research.

No professional or student in broadcasting should be without *THE FIRST 50 YEARS OF BROADCASTING*. Order your copy today, using the order form provided, or call toll-free 800-638-7827 to charge your order to VISA, MasterCard, or CHOICE.

Broadcasting BOOK DIVISION
1705 DeSales Street, N.W.
Washington, D.C. 20036

Send me _____ *The First 50 Years of Broadcasting* at $29.95 each. (Payment must accompany order.)

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

The ups and downs of radio formats

	Total Stations			AM's			FM's			Commercial			Noncommercial		
Format	Feb 89	June 89	% ch	Feb 89	June 89	% ch	Feb 89	June 89	% ch	Feb 89	June 89	% ch	Feb 89	June 89	% ch
Country	2421	2475	+2.2	1483	1480	-0.2	938	995	+6.1	2410	2464	+2.2	11	11	—
Adult contemp.	2325	2350	+1.1	1043	1022	-2.0	1282	1328	+3.6	2279	2304	+1.1	46	46	—
Religious/Gospel	1054	1171	+11.1	643	703	+9.3	411	468	+13.9	809	880	+8.8	245	291	+18.8
CHR/Top-40	984	978	-0.6	188	178	-5.3	796	800	+0.5	891	891	—	93	87	-6.5
MOR	729	655	-10.2	560	513	-8.4	169	142	-16.0	706	634	-10.2	23	21	-8.7
Oldies/Classic rock	695	768	+10.5	473	520	+9.9	222	248	+11.7	683	756	+10.7	12	12	—
Diversified	614	594	-3.3	153	143	-6.5	461	451	-2.2	192	179	-6.8	422	415	-1.7
AOR	486	492	+1.2	56	59	+5.4	430	433	+0.7	333	341	+2.4	153	151	-1.3
Talk	408	433	+6.1	352	369	+4.8	56	64	+14.3	360	375	+4.2	48	59	+22.9
Beautiful music	403	401	-0.5	91	92	+1.1	312	309	-1.0	372	374	+0.5	31	28	-9.7
News	384	406	+5.7	278	289	+4.0	106	117	+10.4	278	292	+5.0	106	114	+7.6
Classical	355	370	+4.2	21	23	+9.5	334	347	+3.9	59	59	—	296	311	+5.1
Jazz	296	302	+2.0	27	32	+18.5	269	270	+0.4	66	69	+4.6	230	233	+1.3
Big band/Nostalgia	259	257	-0.8	216	213	-1.4	43	44	+2.3	248	247	-0.4	11	10	-9.1
Educational	259	254	-1.9	13	15	+15.4	246	239	-2.9	7	8	+14.3	252	246	-2.4
Spanish	237	240	+1.3	176	180	+2.3	61	60	-1.6	220	223	+1.4	17	17	—
Urban contemp.	193	211	+9.3	86	92	+7.0	107	119	+11.2	176	193	+9.7	17	19	+11.8
Black	186	174	-6.5	126	118	-6.4	60	56	-6.7	163	151	-7.4	23	23	—
Agricultural	157	144	-8.3	115	105	-8.7	42	39	-7.1	154	142	-7.8	3	2	-33.3
Progressive	127	141	+11.0	4	4	—	123	137	+11.4	14	18	+28.6	113	123	+8.9

Stations declaring a black programing format dropped off by eight on the AM band and four FM's. Urban contemporary, however, posted a gain of 18 stations, six AM's and 12 FM's.

Spanish radio, according to BROADCASTING's tally, lost one FM station, but picked up four AM's, for a net gain of three stations, or 1.3%. □

COUNTRY

Hopes are riding high in the country music format with the emergence of some top new country artists. It is definitely not the kind of country music that appeared on the scene in the 1950's and '60's at Nashville's Grand Ole Opry. The slower, twanging sounds of the fiddles and banjos that predominated earlier music are being replaced by mainstream synthesized sounds. This may have given some country station programers headaches, but to others it has ushered in a new era for alternative country formats.

"Country music has become more current over the past year," said Ed Shane, chief operating officer of Houston-based Shane Media. "The new sound of country with the likes of George Strait, Randy Travis and Reba McEntire has become the vanguard as opposed to the old days of country with the music of Loretta Lynn and Ernest Tubb. There really is a resurgence in interest in the things happening today in country music."

But Jimmy Vineyard, operations manager for classic country-formatted WVOK(AM) Birmingham, Ala., says "new country" is actually "a mixture of classic and contemporary country music." Vineyard describes Travis's and McEntire's music as falling into classic country. "There are really three types of country music formats today—classic, contemporary and modern," he explained. "Shenandoah and Restless Heart have a more polished, modern sound. Restless Heart and Randy Milsap could probably fall into the crossover category to contemporary."

Whatever label programers and consultants want to put on the differing categories of country music, the chief secret to country music's success has remained the 30-plus age group.

"We usually urge our stations to go for the 30-50 age group," said Shane, who represents independent stations and groups. "Age 30 seems to be a breaking point. Through their teens and 20's, a lot of males listen to rock-oriented stations, and at some point in their late 20's start drawing away from the hard rock sound. So, there is an easy transition from rock to 'new' country. The good radio programers know how to recognize it and take advantage of it."

"Mostly, our audience is the 35-plus crowd," Vineyard said. "Instead of going one way, we are mixing the classic and modern music. We use an automated system that separates the artists and styles of sound into stacks that the computer uses for the most effective programing during different dayparts. We try to cover all the bases, but I don't ever really think we'll be able to attract the 18-34 age group."

The biggest challenge that may face country music programers is trying to attract the rock-oriented youth crowd. Shane cited the efforts of WXTU(FM) Philadelphia of not just attracting younger listeners, but also being able to compete in "a traditionally non-country market" with a reasonable amount of success.

WXTU's program director, Bobby Young, sees an overall change "in the graying of America," and feels that the older median age of the population has "stunted the growth" of the youth share in country music. "In Philadelphia, we have four AC's, two oldies and a classic rock station that are close to country," he said. "Program

directors are trying to make country formats as contemporary as possible—pleasing to the core listeners, but not crossover adult contemporary music, like John Denver, Anne Murray or the Eagles."

In Vineyard's case, he sees WVOK(AM) losing the youth share to radio stations on the FM band. "Plain and simple, the younger demographics go to the FM side of the dial," he said. "Currently, we're installing equipment to go AM stereo. Until there is a strong AM stereo market, I don't see a big difference for us in the 18-34 market."

ADULT CONTEMPORARY/SOFT AC

An area of concern seems to have emerged from consultants and programers about adult contemporary losing some of the artists and sounds that helped distinguish the format in the 1980's. It has caused some fragmentation in the format, but at the same time, may have created opportunities for other AC stations to carve a new niche.

"Over the last few years, we have seen a significant change in the 'core' artists for AC stations," said E. Alvin Davis, president of the Cincinnati-based consulting firm E. Alvin Davis & Associates. "With the exception of older demo stations, we're talking about Neil Diamond, Anne Murray, Kenny Rogers and Barry Manilow—the 'core' artists who used to lock up ratings over five years ago. A problem that a lot of people cite today is that there are no 'core' artists that are exclusively AC acts. The majority of songs played on AC stations are also played on Top 40 stations. Today there are fewer records that are exclusively played on AC," according to Davis.

While adult contemporary stations have been vying for new audiences and trying to find new sounds, fragmentation of the format appears to be the common consequence of these problems.

"I would agree that there seem to be three different types of adult contemporary radio emerging," said Larry Berger, program director for San Francisco's KIOI(FM). "New wave, oldie contemporary and instrumental contemporary seem to be the distinct formats. We're trying to stay away from being what I would describe as 'turntable heads'—guys at other stations who only play the most popular Top 40 playlists. We have coined the phrase 'Pop 40' at our station, playing the top pop hits, while staying away from the heavy metal and rap music."

"We are seeing a continuation in the fragmentation of the format—the personality-driven stations, the stations that are more background-oriented, oldies-based AC's, current-based AC's, male AC's—there are so many variations," said Tommy Hadges, who is president of Pollack Media Group in Los Angeles. "This sort of fragmentation will continue. I think the pure AC's, the ones that are trying to maintain a 'softer' music mix, the ones who are not trying to be Top 40, will be the ones that maintain a better mass appeal."

However, Davis sees a possible crossover of Top 40 artists to AC, and is closely eyeing the emergence of new types of adult contemporary programing.

"There are Top 40 artists that can grow into the AC 'core'—artists like Madonna and Chicago," Davis explained. "Artists like Anita Baker and Lionel Richie already have a strong crossover appeal among blacks and whites. One of the great trends in AC is black adult contemporary music. WVAZ-FM in Chicago and a station in Miami [WHQT(FM)] are leading the way. Taking the urban artists and eliminating the rap, the hard and the coarse sounds, seems to be the trend in this format."

Whatever the ethnic audience, Hadges and Davis concur on the type of demographics that AC needs to appeal to stations and advertisers. "The most important target sell is the 25-54 age group," Davis said. "AC delivers the absolute prime demos—there is not much waste in terms of old or young. Typically, advertisers love these stations. Generally, I have seen great acceptance from media buyers before they even see the station's ratings."

RELIGIOUS

As other formats seek to keep up with changing audience tastes, major religious radio programers continue to count on distinction through remaining the same. At noncommercial Family Radio Network, which essentially provides programs only to its 30-some owned-and-operated stations, that has meant "the continuity of teaching," according to Program Director Craig Hulsebof. Describing the network as "hyperconservative," he noted that, on the commercial side, Christian broadcasters may be more subject to forces that say "if it pays, it plays."

If some commercial Christian stations have "become more and more contemporary" in their music playlists or sell half-hour blocks to various evangelists, Family Broadcasting, he said, "has remained extremely conservative," programing three-hour blocks of consistently Bible-based programing while steering clear of affiliations with any single church or personality.

"In much the same way as [cable television's] CBN Family Channel," said Moody Broadcasting Network representative Bob Butz, religious radio programers rely on more than over-the-air sermons. The eight-year-old network's programs are "religious in nature, in the sense of covering issues of interest to religious people. For the most part," he said, "our lineup has not changed in the past year. We have a mix of music, talk and [hourly] news, as well as preaching programs produced by us."

However, although Moody "doesn't make radical changes," said Butz, and although the music is somewhat predictably MOR—"we don't get too contemporary"—the Moody lineup, he noted, is deep. Out to "explore all aspects of life," the offerings include *Open Line*, a one-hour weeknight call-in show; *Minirth-Meier Clinic*, a one-hour weekday talk show addressing health issues, and *Saturday Night Alive*, a weekly two-hour program aimed at teenagers and featuring drama and music.

In addition to targeting young and old audiences, Moody's demographic strategy also goes after inner city nonwhites with *Urban Alternative*, featuring a black minister from Dallas.

CONTEMPORARY HIT RADIO

When one thinks of the contemporary hit radio format, it is natural to assume that the format skews to the upscale audience. That's what worries radio consultant Bob Elliot. As chief operating officer of Atlanta-based Joint Communications International, Elliot feels that CHR can do better than it has with college-age women and minorities.

"Some radio stations get a little greedy in their marketing of the upscale audience," Elliot said. "While most stations usually do well with the 25-54 age group, only some draw the 18-24 age group. You have to be cognizant that the real target appeal is women, ages 18-24. Any station that really wants to be ultra-successful will also have to appeal to younger women."

Casey Keating, program director of KPLZ(FM) Seattle, says the 18-24 group has been a smaller player at the station. "For us, it

sometimes seems easier to attract 18- to 34-year-old males." Keating replied. "Some of the stations have a softer sound and attract more females. We're just trying to attract everyone. Any good CHR station also works for a strong teen base. I still have to say our bread and butter comes from the 18-34 age group."

Another programing director, Drew Bentley of Omaha's KQKQ(FM), has found success with the female audience. "Our station leans slightly more to the female side of the audience," he said. "We sometimes use a softer sound. But overall, the most successful market for me is the 18-34 male and female age groups. Top 40 and CHR formats are as strong as ever."

Talking about advertising revenues at the stations he represents, Elliot said CHR is actually one of the most broad-based formats for advertisers. Elliot suggested CHR suffered from the early misconception in the 1970's that it appealed only to 15- to 18-year-old listeners, and the format now attracts "the best cross-cume" with a variety of age groups that "listen from one time to another each day."

Elliot sees a real challenge in the future for CHR among the minority listeners. He said: "What we're seeing now with an increase of the ethnic proportions, particularly Hispanic and black listeners in urban areas, is dance music that should be targeted in various programing dayparts. This is a difficult format to automate, especially in urban areas like Miami, Los Angeles and New York. The music has to be specifically tailored and targeted to meet the ethnic mix in each city."

MIDDLE OF THE ROAD

A snapshot of MOR stations reveals that the format could also be labeled the Middle of the Road Not Taken. While one station still flies the flag proudly, finding its identity in the pop artists of the last four decades, and another is preparing to go on the air with an MOR format, others appear to want to distance themselves from strict classification, emphasizing the addition of other programing elements—news/information and jazz for instance—that distinguish their sound and, they believe, differentiate it from traditional MOR.

Says Walter Sabo of W.R. Sabo Inc., New York-based marketing and programing consultants: "MOR is traditionally an AM format. There aren't many MOR's left." It is "considered an old format, not many people will admit to having it. They would rather call themselves Adult Contemporary," said Sabo, adding that a typical MOR has "a big morning name and carries baseball games."

But MOR is alive and well at KMPC(AM) Los Angeles. According to Chuck Southcott, programing director of the station, KMPC has all of those elements—sports coverage, radio personalities and music. But it is the musical performers who helps distinguish the format. MOR, as described for KMPC by Southcott, means "adult standards," songs from the late 1950's to today, he said, with an emphasis on Frank Sinatra, Tony Bennett, Barbra Streisand, Johnny Mathis, The Carpenters and Nat King Cole. "The music has legs, it goes back a while," said Southcott, adding that the "essence" of the station's music list is "familiar songs by familiar artists," but not necessarily "charted hit singles."

While the station is targeted to age 35-plus, the "age settles pretty well in 45-plus," said Southcott, adding that, at the same time, "younger people are discovering us." A recent dance sponsored by the station was attended by some people in their 20's, he said, with most between 30 and 60.

One broadcaster who is betting on MOR is John McAulay,

Cut Your Research Costs Overnight

Wake up your market with overnight programming from Drake-Chenault Jones and get the research for your station that you need and want.

Choose either perceptual research or behavioral music testing as a part of the deal with a minimum of overnight or weekend satellite programming. And there are no commercial requirements.

DRAKE-CHENAULT JONES
SATELLITE SERVICES

Call to reserve your market today.
T.J. Lambert, General Sales Manager (800) 247-3303.

general manager, KOZR(AM) Apple Valley, Calif. MOR "is not a dead format by any means," said McAulay. "I don't think it is being used as extensively as it could be," he said. According to McAulay, whose MOR station is expected to go on the air in September, "the format is more flexible than some other formats, allowing stations to include block programing or other feature programing without alienating the audience." McAulay's target audience is the 35-year-old and older crowd in Apple Valley, where 29% of the population is retired, he said.

WJR(AM) Detroit also falls under the MOR classification. However, air personality Hal Youngblood said that the station is "skewing" to more information and news/talk. He said that the format has "evolved." With regard to the average listener's perception of WJR, he said: "We have not changed." The station is also active in sports, broadcasting professional baseball and hockey, as well as college sports.

WRTN(FM) New Rochelle, N.Y., also mixes the classic MOR standard selections of familiar hit recordings with jazz, swing and "society music." Jamie Sherwood, vice president of WRTN, said the station tries to "do our own thing" and that pre-determined formats do not always apply to its programing. The station uses no syndicated formats and often broadcasts live from country clubs where big bands are performing. WRTN also programs Yale and Army football games, tennis matchesfrom Forest Hills, and golf tournaments.

Michael Neff, program director, WMAL(AM) Washington, doesn't believe the label MOR fits any longer. A "more descriptive" title, he said, would be full-service adult contemporary. He likens the change in focus—and terminology—which he said has taken place over the past 10-15 years, to the evolution of Top 40 to Contemporary Hit Radio. Due to increasing and intense competition, Neff said, stations have been forced to define their formats much better. WMAL's music mix, he said, is more like that of an adult contemporary FM, but he emphasized that the station is not music-intensive. It is, rather, a mix of music and the "bread and butter" of personalities, talk, news and information, sports and community service. "We do so much more than the traditional handle," he said, "We no longer walk the middle of the road."

Alfred Campagnone, president of WNRK(AM) Newark, Del., has lightened his MOR format and says that it's more of an easy listening type station, with more variety. He said that the station stays clear of music that is "offensive." Campagnone said that one reason for the switch was that MOR stations tend all to sound the same and that WNRK wants "to be a little bit different." Campagnone is going after the age 35-plus demographics with more public affairs and sports programing, including broadcasts of the local high school team games, Baltimore Orioles baseball and Washington Redskins football. Most of WNRK's advertising comes from local businesses, said Campagnone.

OLDIES/CLASSIC ROCK

Up until last year people were saying that the classic rock format "would burn out someday," said Ken Stevens, general manager of Infinity Broadcasting's WYSP(FM) Philadephia and WJFK(FM) Manassas, Va. (Washington). "They're not saying that anymore."

According to Mark Chernoff, program director of WXRK(FM) New York, "Music in the last 20 years has been pretty similar, the instruments are the same [drums, bass and guitar] which is why this format has held up. A lot of technology hasn't changed, it's been improved, but it hasn't changed. Whereas, from 1948 to 1968 there were big changes."

"The most important thing that has happened in classic rock this year has been the emergence of classic artists with new material," said Stevens. Many classic artists have released new albums and "stuck with their old sound, but have made it sound better" for the 1990's, he added, giving classic rock stations new music to add variety to their programing. Stevens and Chernoff both agree that because many large acts from the 1960's and 1970's are starting national tours, that has also helped revive interest in classic rock.

Classic rock stations are beginning to focus more on what is played between the records. Stations are now paying more attention to production and keeping themselves fresh by being more creative.

Personalities now play a much larger part. Classic rock stations need more than just music in the morning. Stations need someone who can add something to the format, "not just be a jukebox or background AOR personalities," said Stevens.

Classic rock is considered a mainstream format and, according to Stevens, is "the male adult contemporary format of the 1980's." Listeners are in the 25-54 age group. "Everybody advertises on this format," said Chernoff. This year there have been more financial services and airlines advertising than ever before.

The one essential difference between oldies and classic rock is that the oldies format uses no current hits. The great thing about the oldies format is "that you don't have to be worried about the music being right, this is proven music," said Diane Sutter, general manager of WWSW-AM-FM Pittsburgh. John Gehron, vice president and general manager of WODS(FM) Boston, said "more people are taking a shot at the format and doing well."

Like classic rock, oldies stations have realized the importance of having personality-oriented programing and good production. "The way to keep your station fresh is by making sure production elements are strong," said Sutter.

The new aspect of oldies is promotion. "Rather than relying on the nostalgia approach we have to keep up with what's happening today," said Sutter. "The key is to come up with ideas and promotions special to the market. Every town is different. You have to find these differences and capitalize on them," said Gehron.

The oldies format targets the 25-54 age group and pulls in a good mix of men and women. Advertisers like the Oldies format because they know what the station plays, or as Sutter said: "People know exactly what you are and what they'll get. This allows you to completely differentiate yourself from your competitor."

ALBUM-ORIENTED ROCK

The album-oriented rock (AOR) format is now in the midst of a transformation. "Originally [AOR] represented a station that played lots of album cuts instead of just one song off an album," said Lee Abrams, of the Satellite Music Network. Today, traditional AOR, which plays about 50% old music and 50% new, has become rare, he said, adding that it has fragmented into subformats, which tend to overlap with CHR and oldies/classic rock programing.

"It's funny. In the early days a lot of people called [AOR listeners] 'earth dogs,'" Abrams said. But the AOR audience has grown up. What was traditionally an 18-34 format is now considered to range from 25-45, according to John Parikhal, chief executive officer of Joint Communications, a music consultancy with offices in Toronto and Atlanta. Music on many AOR's has been adjusting to satisfy that group, playing 1960's and 1970's rock music almost exclusively. The new music that does play on those stations is generally the latest from veteran rockers, such as Steve Winwood and Elton John.

As the AOR audience has aged, it has also become more affluent and more mainstream. "For the most part, the research on the

audience shows that even those in their teens and early 20's seem to have more disposable income today than in years past," said Greg Gillespie, who specializes in AOR for the consultancy of Burkhart/Douglas & Associates, Atlanta.

"AOR is generally becoming the new MOR," Abrams said. "Fifteen years ago, an airline or a bank would never advertise on hippie radio AOR. Now it's across the board."

As AOR grew up, the 15-24 audience gradually stopped listening to the radio. "What moved into the vacuum was [cable's] MTV. Now radio is saying 'We've got to take something back from MTV.'" Parikhal said. The result has been the development of what Gillespie calls "Male CHR," a format directed toward 15- to 28-year-olds "who have been disenfranchised by typical AOR, which has become too classic or typical Top 40 which has become too urban or dancey sounding."

One example of such a format would be Satellite Music Network's "Z-Rock," which Abrams called rock "with the harder edge."

NEWS/TALK

News/talk radio is alive and well, according to practitioners of the format. Current topics of concern among these radio executives include the likely emergence of news/talk as a popular format on FM, shifting demographics, ratings vs. audience base and controversy over the proper use of the airwaves.

The news/talk format continues to evolve, said Jack Swanson, operations director, KGO(AM) San Francisco, and in the last 5-10 years he has seen news become a more dominant part of the mix. "News comes first in the slogan, is first in the important dayparts and it's the base from which the talk builds," said Swanson.

KGO adopted the news/talk format 25 years ago, Swanson said, and the station has been number one in the market for the past 10 years, as well as "number one 25-54, number one 25-49, number one 18-49 morning drive and overall number three 18-49."

Talk hosts discuss their craft on *Geraldo*: L-R: John McCulloch of WXYT(AM) Detroit; Larry King of Mutual Broadcasting System; Tom Leykis of KFI(AM) Los Angeles; Geraldo Rivera; Mike Siegel of KING-AM Seattle; Miguel Perez of WJIT(AM) New York, and Jerry Williams of WRKO(AM) Boston

Its audience is pretty evenly balanced between men and women, said Swanson, with talk more female-oriented and news more heavily tuned to by men. "We really have three audiences," Swanson explained, "which is another advantage of the news/talk format. We get news listeners, talk listeners and a group that looks at us as a personality/information radio station that they like."

Advertisers may pay a bit more for news/talk time than for music station spots, but they continue to be very supportive of the format, Swanson said. "News/talk is foreground," Swanson said. "music is background. When you're listening to us, you're really listening."

"We're bullish on the format, because of the general trend in society towards a need to consume product in a more immediate fashion," said Michael Douglass, vice president and general manager of WTOP(AM)-WASH(FM), Washington. We live in an "instant gratification" culture, Douglass said, and listeners no longer have the time or inclination to get their news and information only each half hour.

Elements keeping news/talk healthy, Douglass said, include the increasing concentration of disposable income in the hands of men and women between the ages of 35-64, "the primary demographic skew of a station such as ours [news/talk WTOP]," and the increasing numbers of women in the workforce "who have the same needs we used to ascribe solely to working men."

There will always be a discrepancy between the ratings numbers for news/talk stations and the actual audience size, Douglass said. "Given the way ratings are conducted by Arbitron, and the way radio is purchased, basically on the basis of quarter-hour ratings, all news stations are disadvantaged. At the same time, media people recognize that more and more people are tuning in," said Douglass, and the reason for lower shares is the fact that they listen for shorter periods of time.

"We are still growing in popularity each year with the advertising community," Douglass said, "because they recognize us as a medium where they can reach the ultimate decision-makers and have an effective impact."

Virtually all agree that, as the radio listeners continue to shift towards FM, news/talk will make appropriate inroads. "Every year, another 1%-2% of the radio audience moves into FM," according to Rick Sklar, a New York-based consultant, "and the number has moved beyond the three-quarter mark." FM operators will take to news/talk as a way to differentiate themselves from the proliferation of music stations, Sklar said, and format demographics will expand.

"Without question we are going to see a large number of significant major market radio stations going to information programing of all types," said Swanson. "In the next five years we will see that as the new FM format."

"I think news/talk will eventually happen as FM operators look for where to go," Douglass said, "but I think in markets where all-news stations are well-established it's not going to be so easy as when music was put on FM."

WWDB-FM Philadelphia is currently the only major market FM news/talk station, and "we've

Sklar

Raymond

done it so well for so long that I think people are finally saying we're not a fluke," said Diane Raymond, operations programing manager. The station moved from jazz to talk approximately 14 years ago, and has "been out there all alone," Swanson said. "We point to them and say: 'This can happen, you can do this.' "

As FM's influence becomes more pervasive, AM operators are forced to "find niche opportunities and fill them," according to Brad Saul, president, Public Interest Affiliates Inc., an independent talk-radio syndicator. Today (June 12) PIA is debuting "Great America Radio," the first full-service radio station to operate in a theme park (Six Flags Great America in Gurnee, Illinois).

The station, WNVR(AM), broadcasting daily within the park from 9 a.m.-sunset, will have 60% music to 40% news/information, said Saul. It will be advertiser-supported, with charter companies including Coors, Chevrolet, Wendy's, Just Pants, Frito-Lay and American Airlines. "The implications are astronomical," Saul said. "What you're doing is really narrowcasting, and getting away from traditional problems AM radio has, such as signal delivery, signal penetration, and delivering a broad quarter-hour audience."

Controversy over the "proper" usage of the news/talk airwaves was generated in the past year following the efforts of such talk hosts as Tom Leykis of Los Angeles' KFI(AM), who bulldozed Cat Stevens records to protest the former singer's support of the Ayatollah, and Mike Siegel of Seattle's KING(AM), who asked listeners to send tea bags in protest of the proposed congressional pay raise. He received 75,000 of them.

The talk world is divided over the validity of such actions. Many think they represent effective methods for activism, while others, such as Mutual's Larry King and Raymond, refer to them as "gimmicks." Talk hosts are currently newsworthy themselves, as evidenced by Geraldo Rivera's show last week on "Grass Roots Democracy or Just Hot Air," featuring Leykis, Siegel, King and others.

Controversial or not, news/talk is "the healthiest format there is," according to Raymond. "We have an intelligent audience, and can and do effect change and responsible community awareness. This format is the voice of the people."

EASY LISTENING

"It would have been too 'hip' even six months ago," said easy listening-formatted WJIB(FM) Boston's Promotion Manager Lou Bortone of his station's decision to co-sponsor a concert this month featuring light jazz guitarist Larry Carlton—a decision he described as indicative of a multifaceted campaign to "reinvent" the easy listening format. "WJIB, along with a handful of other progressive stations in the format, is creating a viable, self-supporting new format that will flourish into the 90's," said Bortone.

Not an isolated experiment, changes in the format sometimes identified with elevators and dentists' offices, have been driving activities at Group W Radio FM stations since last December. That group last month renamed the format Adult Spectrum Radio (ASR) at five of its stations (BROADCASTING, May 15).

"All the easy listening stations are coming to the conclusion that string-driven music is yesterday's music," said Group W Radio's Bert Wahlen, vice president, FM stations. Research, specifically of the 35-54 demographic, gave Group W both the problem and the solution, said Wahlen, adding: "What they didn't like was most informative." In addition to finding that Stevie Wonder and Roberta Flack are preferred over Frank Sinatra and Perry Como, he said, the group found that an instrumental arrangement of a popular song sticking close to the original was preferred to traditional orchestral arrangements.

"Still an instrumental-driven format," ASR has, however, included a change in the easy listening mix from 25% to 40% vocal, even going 50-50 in morning drive, where the group added a full-time newsperson to create "news credibility" not afforded by the morning personality. Additionally, said Wahlen, "the traditional easy listening personality who reads cards would kill ASR. He or she must be communicative."

Very young and elderly listeners "will not be as comfortable with this format," he said. But, he said, winter Arbitron ratings show the five stations have, in the 25-54 demographic, moved to the top five in their markets.

The key to WJIB's attempt to hang on to the majority of its age 35-plus listeners, while expanding its share among listeners 10 years younger, has been "replacing string-driven sounds, the Montovani," said Bortone, "with contemporary instrumental sounds, such as Carlton and Kenny G."

Unlike Group W, which found much new age music lacking in identifiable melody, WJIB is making use of that music, along with light jazz. But the changes have also included increasing vocal music—such as Anita-Baker and Phil Collins—to between 40% and 50% of the mix, dramatically increasing remote broadcasts and other forms of live local presence, and airing "news in the morning, [something] we never had before," he said.

So far, the tactic is working, he said. Listener focus group interviews conducted two weeks ago indicated that WJIB is "not only getting new listeners, but the core listeners are pleased with the changes." According to Bortone, the station gained 129% in the 25-54 group between last fall and this spring. Yet, Bortone said, WJIB remains number two in the Boston market with the 35-plus group. "We are going to have older people who are going to say, 'What is this Anita Baker?' and we will lose a few. But that's the price you pay to survive," he said.

Purchased last fall by Emmis Broadcasting, Bortone's station is conducting a "Name That Format" contest among advertisers and ad agencies. Suggestions so far include Contemporary Easy, New Horizons, Easy AC, New Soft Contemporary and Instrumellow. The winner will be announced June 21.

HEALTH NEWSFEED
RADIO REPORTS VIA SATELLITE FROM THE JOHNS HOPKINS MEDICAL INSTITUTIONS

Network-quality wraps and cuts on timely medical and health topics, designed to fit into your newscasts or stand alone as a sponsored feature.
Information your listeners want, on subjects such as:

- AGING
- AIDS
- HEART DISEASE
- HOSPITAL COSTS
- GENETICS RESEARCH
- AND MUCH MORE
- CANCER
- INJURY PREVENTION
- MEDICAL ETHICS

Daily 60-second medical news reports via satellite produced by a Peabody award-winning journalist. The service is **free**
To find out more, call (301) 955-2849.

CLASSICAL

Classical music stations, which traditionally attract a well-educated and affluent audience, are nonetheless a minority format, reaching only about 5% of all radio listeners. Most of the commercial classical stations broadcast on the FM band. But pressure is building for those stations to become more profitable. To compete, several stations are making changes in the format to enlarge their audience. But rather than compete with other music programing on FM, some classical music is migrating to AM.

"Classical stations ended up on FM because nobody was listening to FM. Twen-

ty-five years ago, you could acquire an FM station for the price of a letter to the FCC," said Peter J. Cleary, president of Concert Music Broadcast Sales, a New York-based sales representative firm specializing in sales for classical stations. "What has happened over the years is that the value of FM radio has just skyrocketed and roughly 75% of the listening is now on the FM band." The pressure on those stations now is to compete for commercials against higher-rated formats, he said.

One way to increase listenership is "the same way any other format does it—by playing the hits," Cleary said. The goal is to hold on to the hardcore, knowledgeable classical audience, and at the same time broaden the audience by playing familiar pieces from familiar composers such as Bach, Brahms and Beethoven. More esoteric music—choral works and 20th-century compositions—are being played more often on noncommercial stations, Cleary said.

Raymond Nordstrand, president of the WFMT Fine Arts Network and the Beethoven Satellite Network, Chicago, disagreed with part of Cleary's analysis. "Noncommercial stations are ratings-oriented as well," he said. Those stations have also placed greater emphasizes on the familiar tunes by programing them in drivetime and midday. The less familiar pieces tend to air during latenight, he said. But for both commercial and noncommercial stations in general, "most program directors say they want to broadcast a wide spectrum of music and they are not just 'playing the hits,'" according to Nordstrand. The Fine Arts Network and Beethoven Network syndicate classical music programs to more than 500 stations. Although only 40 of those stations are commercial, about half of the company's total audience listen to commercial stations.

Besides the specific pieces of music, there are also two philosophies of how it should be presented. "We represent probably the greatest attempt at emulating CHR-type of delivery with classical music," said Matthew Field, senior vice president and general manager of WNCN(FM) New York. It has used the standard radio promotional devices, such as a regular morning team, contests and personal appearances.

At the other end of the spectrum, Field said, classical stations have increased their audiences by cutting down on talk. Some have automated their facilities to keep music playing almost constantly, he said.

But in many markets, it seems inevitable that classical music will be moving from commercial FM's to AM's. Such moves could possibly be dangerous to the future of classical as a commercial format since the technical quality today of most AM stations is generally lower than that of FM's. Adjacent-channel interference on the AM band has forced manufacturers to build narrow-band AM receivers with lower fidelity than typical FM receivers. Also, AM stations have, for numerous reasons, been slow to install stereo exciters and AM stereo receivers still have vastly lower consumer penetration than FM.

People close to the classical format business do not fear the technical setbacks of AM, claiming that stereo will eventually catch on there and that properly engineered AM stations can sound as good as FM. Nordstrand did say, however, that commercial AM's could find stiff competition from noncommercial FM's, in part because of technical inferiority.

Field said the greater threats to the AM's will be from low-rated commercial FM's that decide to switch to classical format. He said noncommercial stations tend to be at a disadvantage taking classical listeners from either AM or FM commercial stations because they program large blocks of nonmusical programing from sources such as National Public Radio and American Public Radio.

NOSTALGIA/BIG BAND

Big band and nostalgia programing is a format going through change. Although the syndicated service "Music of Your Life" (MOYL) is successful and satellite delivery allows it to reach more people more effectively, the music it programs is no longer limited to big band and nostalgia. MOYL recognized that the demographics and musical tastes of its audience are not the same as five years ago.

Coinciding with the switch to satellite, MOYL is starting to integrate "light" music of the 1960's, 70's and 80's into its playlist. David Wolfe, MOYL's operations and affiliate relations manager, said that the service "plays any hit that was nonrock." This includes Barbra Streisand, Barry Manilow and Johnny Mathis.

R-L Mathis and Wolfe

However, this does not mean that the big bands have been left out. Stations can still use MOYL's tape service, which emphasizes sounds of bands such as Benny Goodman and Woody Herman.

MOYL's audience is still 50-plus, but today's 50 and over group may not have grown up with big bands, which is one of the reasons that MOYL is programing a broader spectrum in hopes of attracting a wider audience, said Wolfe.

For many of the stations carrying MOYL the switch was long overdue. Goff Lebhar, president and general manager of WWDC(AM) Washington, called the change a good idea that was "very late in coming." Another advantage to the satellite switch, Lebhar said, is that the show is now done live and has the feel of a local show.

Arnie Ginsburg of WXKS(AM) Medford, Mass., said that the change makes MOYL "good for large and small markets" and that his station has had a "tremendous reaction" to the service.

Not all the stations rely totally on MOYL. WEVD(AM) New York programs 12 hours of big band a day. WWDC's Eddie Gallagher has a morning show that features hits from all eras. Dave Smith, owner and general manager of WBYU(AM) New Orleans, has his own local programing in the morning and afternoon. Smith receives Satellite Music Network's "Stardust" format, which he describes as a blend of the best of big bands and classic vocals. Hits from the 1940's,

Continues on page 52

Sun sets on ABC's 'Day's End'

Following 13-week test, network says show will not return to air; mixed ratings in local markets among reasons for late night program's cancellation

Day's End, the late night program that aired in 26 markets on ABC in a recently concluded 13-week test, will not return to the air, the network confirmed last week.

No reason was given for that decision, and the network declined to provide any ratings for the show. But some affiliate sources suggested the cancellation was the result of mixed performance in local markets as well as the apparent dissatisfaction with the program by Michael Brockman, president of the recently created division in charge of daytime, late night and children's programing at ABC.

The program was designed as an inexpensive and entertaining way of summing up each day's events with clips culled from various talk and information shows, interspersed with witty repartee from co-hosts Ross Shafer and Spencer Christiansen.

Brockman declined comment on the situation last week. Nearly all the affiliate executives contacted last week, however, said the program got off to a very shaky start and performed only marginally in the ratings.

"The problem with late night on ABC is that the *Nightline* lead-in is not compatible with entertainment programing," said Jim Coppersmith, vice president and general manager, WCVB-TV Boston. "*Nightline* is a distinguished and valuable program and I'm proud to have it on the air, but entertainment flowing out of *Nightline* is really like fighting with one hand tied behind your back, maybe two," he said.

Dick Warsinske, program manager, KOMO-TV, the ABC affiliate in Seattle, said the show performed "slightly better" than some of the old off-network hours that had been run in the time period. "The show improved greatly by the end of the test," said Warsinske. "But it was evident they were still struggling with the concept and making it hold together every night as a show." That situation hurt the promotability of the program, he added.

ABC has been trying for years to come up with viable post-*Nightline* programing, without success. "I'm waiting to hear what Mr. Brockman's plans are for the time period," said Warsinske. Brockman will be making a presentation at this week's affiliates meeting in Los Angeles. □

Syndication Marketplace

According to Jody Shapiro, executive vice president, telecommunications division, **Qintex Entertainment**, 105 episodes of *The New Leave It to Beaver* have been sold in the New York (WWOR-TV), Los Angeles (KTLA), and Chicago (WGBO-TV) markets. The episodes have been cleared in 52 markets representing 47.5% of the country. The show is being sold on a cash basis for strip syndication.

Also from Qintex, 38 markets have cleared the 138 colorized episodes of *McHale's Navy*, including New York (WWOR-TV) and Los Angeles (KTLA). The episodes are being sold on a cash basis.

□

A Special Look at the People's Champion—Mike Tyson, a one-hour special from **Don King Productions** in association with **Barris-Guber-Peters Television** has been cleared in 160 markets representing 93% of the country, including 50 of the top 50 markets. The special is being sold on a barter basis.

□

Warner Brothers Television Domestic Distribution has announced that its first-run game show *3rd Degree* is a go for a fall launch. According to Scott Carlin of Warner Brothers Domestic Television Distribution, the show has been cleared in 85 markets, representing 80% of the country. Of the clearances, 85%-90% are affiliates, he said. The show will be hosted by Peter Marshall.

Week 37: Big three deliver 28.7 million; NBC 12.7, ABC 9.6, CBS 9.4

Nielsen	□	Net	□	Show
1	20.8	35A		Roseanne
2	18.4	33N		Cheers
3	17.4	34N		Cosby Show
4	17.0	32N		Different World
5	16.6	29N		Dear John
6	16.1	28A		Wonder Years
7	15.4	29C		Murder, She Wrote
8	15.3	26A		Have Faith
9	14.8	28A		Who's the Boss?
10	14.5	31C		60 Minutes
11	14.5	25N		NBC Sunday Movie
12	14.2	28N		Empty Nest
13	14.1	25N		Golden Girls Special
14	14.1	28N		Hunter
15	13.8	27N		Golden Girls
16	13.8	26N		Unsolved Mysteries
17	13.5	24N		Matlock
18	13.1	25A		2020
19	12.9	24N		Hogan Family
20	12.9	24N		L.A. Law
21	12.9	23N		Night Court
22	12.8	22A		General Foods Showcase
23	12.8	25N		ALF
24	12.7	23N		Midnight Caller
25	12.4	23A		Just the Ten of Us
26	12.4	25A		Mr. Belvedere
27	12.0	21N		My Two Dads
28	11.9	20N		In the Heat of the Night
29	11.9	22N		Super Bloopers and Jokes special
30	11.6	25A		Full House
31	11.6	20C		Newhart
32	11.6	22N		NBC Friday Movie
33	11.5	23A		Growing Pains
34	11.5	20N		Morton's by the Bay
35	11.4	20C		Designing Women
36	11.4	22C		NBA Playoff Game, Fri
37	11.2	24N		Amen
38	11.1	21A		Head of the Class
39	10.8	20C		Kate and Allie
40	10.7	19C		Jake and the Fatman
41	10.6	20A		MacGyver
42	10.3	18A		thirtysomething
43	10.1	18N		Fair Game Special
44	9.9	19C		48 Hours
45	9.8	22A		Perfect Strangers
46	9.8	17C		Murphy Brown
47	9.7	22N		227
48	9.5	17A		ABC Monday Movie
49	9.5	16C		CBS Tuesday Movie
50	9.3	17C		CBS Thursday Movie
51	9.3	16C		Tony Awards
52	9.1	17C		Wiseguy
53	8.9	17F		America's Most Wanted
54	8.9	16F		Married...With Children
55	8.7	16N		Day by Day
56	8.5	16A		Burning Questions: America
57	8.3	15A		Coach
58	8.1	18C		Beauty and the Beast
59	7.7	15N		Family Ties
60	7.4	16N		Highway to Heaven
61	7.3	13A		International Rock Awards
62	6.7	12A		ABC Family Classic
63	6.7	13C		Hard Time on Planet Earth
64	6.6	14A		Mission: Impossible
65	6.5	12C		Tour of Duty
66	6.5	13C		West 57th
67	6.4	13C		What-Learned, C. Brown
68	6.0	12A		North and South, Book II, part 4
69	6.0	12C		CBS Saturday Movie
70	5.7	12A		ABC News Special: Turmoil
71	5.5	12F		21 Jump Street
72	5.3	10C		Live-In
73	4.8	8F		Garry Shandling's Show
74	4.7	9F		Cops
75	4.5	8F		Tracey Ullman Show
76	4.0	7A		Gang of Four
77	3.5	6F		Duet
78	2.9	6F		Beyond Tomorrow
79	2.9	6F		Summer Blockbusters

© 1989 Nielsen Media Research, Arbitron

Syndication Scorecard *

(Week ending May 28)

	Rtg.	Show	Stns.	Covg.
1	12.8	Wheel of Fortune, syn.	229	99
2	11.0	Jeopardy	206	96
3	10.0	Star Trek	232	97
4	9.1	Cosby Show	198	97
5	8.9	MGM Premiere Network III	170	95
6	8.8	Oprah Winfrey Show	214	99
7	8.8	Universal Pic. Debut Net	135	95
8	8.3	Orion TV: Three Amigos	132	89
9	8.1	Wheel of Fortune, wknd	210	93
10	6.7	Columbia Night-Movies	106	86
11	6.6	Entertainment Tonight	165	93
12	6.5	Current Affair	148	91
13	5.6	Friday the 13th	215	96
14	5.4	Geraldo	199	99
15	5.4	People's Court	185	93
	8.0	World Wrestling Fed.	249	97

* Nielsen syndicated weekly pocketpiece